

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00

EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00

NSC-07 PA-04 RSC-01 AID-20 CIEP-02 SS-20 STR-08

TAR-02 TRSE-00 PRS-01 SP-03 FEA-02 OMB-01 SWF-02 IO-14

OIC-04 AF-10 ARA-16 EA-11 NEA-14 SSO-00 NSCE-00

USIE-00 INRE-00 DRC-01 /234 W
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O 152113Z MAY 74

FM USMISSION OECD PARIS

TO SECSTATE WASH DC IMMEDIATE 2687

LIMITED OFFICIAL USE SECTION 01 OF 02 OECD PARIS 11849

E.O. 11652: N/A

TAGS: EGEN, OECD

SUBJECT: OECD CURRENT ACCOUNT STANDSTILL: HEADS DEL
DISCUSSION OF INTERPRETIVE NOTE MAY 15

REF: USOECD 11668

1. SUMMARY. HEADS DEL MAY 15 HAD PRELIMINARY, LARGELY UNINSTRUCTED, DISCUSSION OF INTERPRETIVE NOTE (PARAGRAPH 2 REF TEL) FOLLOWED BY INFORMAL WORKING MEETING OF KEY DELS CHAIRED BY SECRETARIAT AND LASTING LATE INTO EVENING. NEW DRAFT WILL BE CIRCULATED FOR HEADS DEL DISCUSSION, HOPEFULLY ON BASIS FORMAL INSTRUCTIONS, MAY 17. PARAGRAPHS TO BE CONSIDERED MAY 17 SET FORTH BELOW WITH INDICATION THEIR STATUS. ACTION REQUESTED: INSTRUCTIONS FOR USE MAY 17. END SUMMARY.

2. RE PARAGRAPH 1, INTERPRETIVE NOTE, UK DEL SUGGESTED INSERTION OF "MAY" AFTER "DEFICITS", WITH CONSEQUENT LIMITED OFFICIAL USE

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CHANGE OF "REQUIRES" TO "REQUIRE". NO OTHER COMMENT ON

THIS PARAGRAPH.

3. THREE VERSIONS OF PARAGRAPH 2 EMERGED AS FOLLOWS:

(A) AS STATED IN THE EXECUTIVE COMMITTEE IN SPECIAL SESSION, THE PURPOSE OF THE DECLARATION WOULD NOT BE TO PRECLUDE SECTORAL MEASURES UNRELATED TO THE SITUATION DESCRIBED IN THE DECLARATION AND HAVING ONLY A MINIMAL IMPACT ON TRADING RELATIONS. (THIS VERSION SUPPORTED BY SECRETARIAT AND SWISS DEL.)

(B) IT IS UNDERSTOOD THAT THE PURPOSE OF THE DECLARATION WOULD NOT BE TO PRECLUDE ACTION WHICH CAN BE JUSTIFIED UNDER EXISTING INTERNATIONAL PROVISIONS FOR SECTORAL ACTION, SUCH AS ARTICLE XIX OF THE GATT, AND WHICH IS NOT LINKED WITH THE SITUATION REFERRED TO IN THE FIRST PREAMBULAR PARAGRAPH. (THIS VERSION FORMALLY PROPOSED BY EC COMMISSION DEL IN NAME OF NINE. EC DEL SAID HE HAD NO AUTHORITY TO NEGOTIATE LANGUAGE OF PARA. UK DEL SAID REPEATEDLY THAT EXPLICIT REFERENCE ALLOWING RECOURSE OF ARTICLE XIX WOULD PROBABLY BE NECESSARY CONDITION FOR UK ADHERENCE TO DRAFT DECLARATION.)

(C) THE PURPOSE OF THE DECLARATION WOULD NOT BE TO PRECLUDE EMERGENCY ACTION ON PARTICULAR PRODUCTS (SUCH AS UNDER ARTICLE XIX OF THE GATT) WHICH IS UNRELATED TO THE SITUATION DESCRIBED IN THE DECLARATION AND WHICH IN ITS EFFECTS WOULD NOT BE CONTRARY TO THE OBJECTIVES OF THE DECLARATION. (THIS OFFERED AS COMPROMISE PROPOSAL BY SECRETARIAT, WITH UK INSISTING ON BRACKETED LANGUAGE.)

4. AUSTRALIAN DEL EXPRESSED SERIOUS DOUBT ABOUT SUITABILITY OF INCLUDING PARAGRAPH 3 (ON EXPORT CONTROLS) IN INTERPRETIVE NOTE. HE PROPOSED DELETION WITH WEAK SUPPORT FROM GREEK DEL. ALL OTHER DELS WHO SPOKE FAVORED RETENTION OF PARAGRAPH AS DRAFTED.

5. PARAGRAPH 4 EMERGED AS FOLLOWS:

(4) IT SHOULD BE UNDERSTOOD THAT THE REFERENCE TO LIMITED OFFICIAL USE

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DEVELOPING COUNTRIES IN PARAGRAPH (E) COVERS ALSO DEVELOPING MEMBER COUNTRIES (BUT DOES NOT AFFECT COMMITMENTS SUCH COUNTRIES WOULD ASSUME IN SUBSCRIBING TO THE DECLARATION) (AND WOULD NOT PRECLUDE ACTION THAT MAY HAVE TO BE TAKEN BY THEM UNDER EXISTING INTERNATIONAL PROVISIONS RELATING TO ASSISTANCE TO DEVELOPEMT SUCH AS UNDER ARTICLE XVIII AND PART IV OF THE GATT). (COMMENT: TURKISH DEL REQUESTED DELETION OF FIRST

BRACKETED SET OF LANGUAGE AND ADDITION OF SECOND SET
OF BRACKETED LANGUAGE. GREEK SUPPORTED TURK. OTHERS
EITHER OPPOSED OR WERE SILENT. NO OTHER COMMENTS ON
THIS PARAGRAPH.)

6. AUSTRALIAN DEL, SUPPORTED BY CANADIAN, PROPOSED AND
THEN, UNDER PRESSURE FROM SECRETARIAT AND OTHER DELS,
WITHDREW FOLLOWING NEW PARAGRAPH:

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O 152113Z MAY 74

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"IT IS RECOGNIZED THAT A NUMBER OF COUNTRIES RELY
ON DIRECT CONTROLS OVER EXPORTS FOR PURPOSES SUCH AS
OVERSIGHT OF PRICES, THE BALANCED DEVELOPMENT AND USE
OF RESOURCES, OR IMPLEMENTATION OF INTERNATIONAL
COMMODITY AGREEMENTS. IT IS UNDERSTOOD THAT THE WORDING
OF THE DRAFT DECLARATION DOES NOT APPLY TO SUCH

PURPOSES." (AUSTRALIAN DEL CONTENDED THAT JOLLES HAD AGREED TO INCLUDE PARAGRAPH ALONG ABOVE LINES IN INTERPRETIVE NOTE. OTHERS COUNTERED THAT EVEN TO CONSIDER SUCH PARAGRAPH WOULD REOPEN WHOLE DECLARATION CAREFULLY NEGOTIATED AND AGREED BY XCSS. AUSTRALIAN FINALLY AGREED TO WITHDRAW PARAGRAPH AND CONSULT WITH SECRETARIAT IN EFFORT TO FIND MORE SUITABLE LANGUAGE. HE RESERVED RIGHT TO REINTRODUCE PARAGRAPH TO HEADS DEL MAY 17.)

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7. GREEK DEL PROPOSED FOLLOWING NEW PARAGRAPH:

"IT SHOULD BE UNDERSTOOD THAT THE DECLARATION CONSTITUTES A WHOLE BOTH AS CONCERNS THE PART UNDER "AGREE" AND THE PART UNDER "DECLARE". (NO DEL SUPPORTED GREEK PROPOSAL. THOSE WHO SPOKE EMPHASIZED THE LINK BETWEEN PART OF DECLARATION AND "DECLARE" PART HAD BEEN EXPLICITLY ESTABLISHED IN TEXT OF DECLARATION AFTER LABORIOUS NEGOTIATION. GREEK DEL CONTENDED THAT JOLLES HAD EXPLICITLY AGREED THAT ABOVE PARAGRAPH BE INCLUDED IN "LEGISLATIVE HISTORY".)

8. SECRETARIAT URGED DELS RECEIVING INSTRUCTIONS BEFORE MAY 17 TO CONVEY THEM TO SECRETARIAT TO ENABLE NEGOTIATION PROCESS TO CONTINUE AND TO ASSIST SEC GEN IN ORGANIZING HEADS DEL DISCUSSION.
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